

106TH CONGRESS
1ST SESSION

S. 341

To amend the Internal Revenue Code of 1986 to increase the amount allowable for qualified adoption expenses, to permanently extend the credit for adoption expenses, and to adjust the limitations on such credit for inflation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 3, 1999

Mr. CRAIG introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the amount allowable for qualified adoption expenses, to permanently extend the credit for adoption expenses, and to adjust the limitations on such credit for inflation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Hope for Children
5 Act”.

6 **SEC. 2. ADOPTION EXPENSES.**

7 (a) INCREASE IN AMOUNTS ALLOWED.—

1 (1) DOLLAR AMOUNT OF ALLOWED EX-
 2 PENSES.—Paragraph (1) of section 23(b) of the In-
 3 ternal Revenue Code of 1986 (relating to dollar limi-
 4 tation) is amended by striking “\$5,000” and all that
 5 follows and inserting “\$10,000.”.

6 (2) PHASE-OUT LIMITATION.—Clause (i) of sec-
 7 tion 23(b)(2)(A) of such Code (relating to income
 8 limitation) is amended by striking “\$75,000” and
 9 inserting “\$150,000”.

10 (b) REPEAL OF SUNSET ON CHILDREN WITHOUT
 11 SPECIAL NEEDS.—

12 (1) IN GENERAL.—Paragraph (2) of section
 13 23(d) of such Code (relating to definition of eligible
 14 child) is amended to read as follows:

15 “(2) ELIGIBLE CHILD.—The term ‘eligible
 16 child’ means any individual who—

17 “(A) has not attained age 18, or

18 “(B) is physically or mentally incapable of
 19 caring for himself.”.

20 (2) CONFORMING AMENDMENT.—Subsection (d)
 21 of section 23 of such Code (relating to definitions)
 22 is amended by striking paragraph (3).

23 (c) ADJUSTMENT OF DOLLAR AND INCOME LIMITA-
 24 TIONS FOR INFLATION.—Section 23 of such Code is
 25 amended by redesignating subsection (h) as subsection (i)

1 and by inserting after subsection (g) the following new
2 subsection:

3 “(h) ADJUSTMENTS FOR INFLATION.—In the case of
4 a taxable year beginning after December 31, 2000, each
5 of the dollar amounts in paragraphs (1) and (2)(A)(i) of
6 subsection (b) shall be increased by an amount equal to—

7 “(1) such dollar amount, multiplied by

8 “(2) the cost-of-living adjustment determined
9 under section 1(f)(3) for the calendar year in which
10 the taxable year begins, determined by substituting
11 ‘calendar year 1999’ for ‘calendar year 1992’ in sub-
12 paragraph (B) thereof.”.

13 (d) LIMITATION BASED ON AMOUNT OF TAX.—

14 (1) IN GENERAL.—Subsection (c) of section 23
15 of such Code is amended by striking “the limitation
16 imposed” and all that follows through “1400C)” and
17 inserting “the applicable tax limitation”.

18 (2) APPLICABLE TAX LIMITATION.—Subsection
19 (d) of section 23 of such Code (as amended by sub-
20 section (b)) is further amended adding at the end
21 the following new paragraph:

22 “(3) APPLICABLE TAX LIMITATION.—The term
23 ‘applicable tax limitation’ means the sum of—

24 “(A) the taxpayer’s regular tax liability for
25 the taxable year, reduced (but not below zero)

1 by the sum of the credits allowed by sections
 2 21, 22, 24 (other than the amount of the in-
 3 crease under subsection (d) thereof), 25, and
 4 25A, and

5 “(B) the tax imposed by section 55 for
 6 such taxable year.”.

7 (3) CONFORMING AMENDMENTS.—

8 (A) Subsection (a) of section 26 of such
 9 Code (relating to limitation based on amount of
 10 tax) is amended by inserting “(other than sec-
 11 tion 23)” after “allowed by this subpart”.

12 (B) Paragraph (1) of section 53(b) of such
 13 Code (relating to minimum tax credit) is
 14 amended by inserting “reduced by the aggre-
 15 gate amount taken into account under section
 16 23(d)(3)(B) for all such prior taxable years,”
 17 after “1986,”.

18 (e) EFFECTIVE DATE.—The amendments made by
 19 this section shall apply to taxable years beginning after
 20 December 31, 1998.

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